

## **APPROVAL OF REQUISITION FOR PURCHASE OF WATER SHARES**

### **ISSUE:**

UVU Policy 204. Appropriateness of Expenditures, 5.5.1.5 states, "The President shall obtain Board of Trustees' approval for all requisitions for \$500,000 and above." The size of this requisition thus requires Board of Trustee approval.

### **REQUEST:**

Purchase of up to 45 water shares at an asking price of \$6,000 per share.

### **BACKGROUND:**

UVU Grounds uses a combination of irrigation water diverted from the Provo River and Orem City water to irrigate campus lawns and landscapes. An opportunity has arisen wherein UVU may purchase additional shares of water from the Riverside Country Club. These shares will add to the water we currently use during the summer months to fill the campus ponds used to store culinary water for use during the seasonal peak. Purchased water comes at a high price to fill the 3.5 million gallon ponds.

These shares could also be used at the Vineyard property. They are an asset that could be sold in the future as demand for water increases in the valley.

Foundation loan will be used to purchase shares, and will be paid back from water utility savings.

### **RECOMMENDATION:**

Utah Valley University administration recommend that the Board of Trustees approve the request to purchase water-shares from the Riverside Country Club.

## OPPORTUNITY

### Purchase 45 Water Shares

Asking Price: \$6,000 per share

(Share is 440 acre feet)

*Price range in northern Utah County is \$3,800 to \$6,800*

*Saratoga Springs recently paid \$12,000 per share*

*UVU is currently paying \$165,000 per year to rent water*

## PROPOSAL

*Offer \$5,000 per share/Purchase for \$5,500 per share*

Purchase Price	\$ 2,420,000.00
<b>Down Payment</b>	<b>\$ 1,000,000.00</b>
Finance: Loan from Foundation	\$ 1,420,000.00
Terms: 10 years @5.5% semi annual payments	
Payment Amount-Semi Annual	\$ 93,253.86
<b>Annual Payment</b>	<b>\$ 186,507.72</b>
Funding for Annual Payment	
<b>Currently Paying for Water/Utilities</b>	\$ 165,000.00
<b>Appropriation from ongoing budget</b>	<b>\$ 21,507.72</b>
<b>Total Funding</b>	<b>\$ 186,507.72</b>